

CACADU DISTRICT MUNICIPALITY

**Group financial statements
for the year ended 30 June 2014**

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

General Information

<u>Legal form of Entity</u>	District Municipality (DC10)
<u>Jurisdiction</u>	Cacadu District
<u>Nature of business and principal activities</u>	Municipal services
<u>Registered office</u>	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
<u>Postal address</u>	P O Box 318 Port Elizabeth 6000
<u>Auditors</u>	Office of the Auditor-General

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Index

The reports and statements set out below comprise the group financial statements presented to the National Treasury:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Appropriation Statement	8 - 9
Accounting Policies	10 - 27
Notes to the Group Financial Statements	28 - 65
Unaudited Appendices:	
Unaudited Appendix A: Analysis of Property, Plant and Equipment	66 - 67
Unaudited Appendix B: Segmental analysis of Property, Plant and Equipment	68
Unaudited Appendix C: Segmental Statement of Financial Performance	69
Unaudited Appendix D: Investment Portfolio	70

Abbreviations

CDA	Cacadu District Development Agency SOE SOC Ltd
CDM	Cacadu District Municipality
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
Municipality	Economic Entity

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the group financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the group financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the group financial statements and were given unrestricted access to all financial records and related data.

The group financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

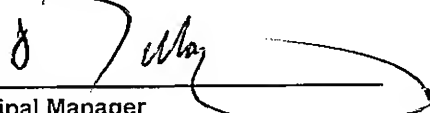
The group financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and places considerable importance on maintaining a strong control environment. To enable the Municipality to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the financial year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the spectrum. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The group financial statements set out on page 4 to 65, which have been prepared on the going concern basis, were approved by the Accounting Officer on 24 November 2014 and signed hereunder.



Municipal Manager
24 November 2014

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Current Assets			
Receivables from exchange transactions	4	391 682	558 293
Receivables from non-exchange transactions	5	543 750	504 008
VAT receivable	6	4 400 839	2 157 317
Deposits paid	7	15 410	15 410
Short-term investments	8	125 000 000	163 000 000
Cash and cash equivalents	9	134 809 279	90 822 819
		265 160 960	257 057 847
Non-Current Assets			
Investment property	10	24 839 500	23 807 501
Property, plant and equipment	11	29 242 885	27 762 349
Intangible assets	12	86 885	86 885
Heritage assets	13	34 033 500	33 357 500
Long-term receivables	14	231 872	22 930
		88 434 642	85 037 165
Total Assets		353 595 602	342 095 012
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	18 524 450	9 217 436
Long-term portion of post employment medical benefit	16	3 983 870	3 765 127
Unspent conditional grants and receipts	17	15 061 730	19 279 576
Provisions	18	915 305	1 066 218
		38 485 355	33 328 357
Non-Current Liabilities			
Long-term portion of infrastructure levies	15	950 861	940 456
Long-term portion of post employment medical benefit	16	58 018 431	59 716 794
		58 969 292	60 657 250
Total Liabilities		97 454 647	93 985 607
Total assets less liabilities		256 140 955	248 109 405
Net Assets			
Reserves			
Revaluation reserve	19	76 509 935	75 851 313
Unappropriated surplus	20	179 631 020	172 258 093
Total Net Assets		256 140 955	248 109 406

CACADU DISTRICT MUNICIPALITY
Group Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Rental of facilities and equipment	21	1 053 610	1 076 663
Government grants & subsidies	22	94 506 196	90 831 264
		<u>95 559 806</u>	<u>91 907 927</u>
Other income			
Reduction in provision for debt impairment	5	21 937 154	-
Actuarial gain on post employment medical benefit	16	2 936 737	-
Fair value adjustments	10	1 100 999	878 078
Gains on disposal of assets	21	9 653	192 110
Income from agency services		40 217	31 871
Investment interest	21	14 937 060	15 399 324
Other revenue	21	2 768 742	3 859 601
		<u>43 730 562</u>	<u>20 360 984</u>
Operating expenses			
Actuarial loss on post employment medical benefit	16	-	(3 912 240)
Bad debts written off		-	(3 121)
Conditional grant expenditure	23	(12 929 782)	(11 385 952)
Contracted services		(4 037 854)	(2 796 732)
Depreciation	11	(1 411 590)	(1 196 643)
Discounting of post employment medical benefit	16	(4 754 022)	(4 821 006)
Employee costs	24	(45 541 812)	(42 134 174)
General expenses - other	48	(54 784 360)	(43 598 235)
Impairments		99 808	274 061
Increase in provision for debt impairment		-	(11 663)
Other grants and subsidies paid	23	(7 915 974)	(7 795 839)
Repairs and maintenance		(640 321)	(388 129)
		<u>(131 915 907)</u>	<u>(117 769 673)</u>
Operating surplus (deficit)		<u>7 374 461</u>	<u>(5 500 762)</u>
Finance costs	46	(1 534)	-
Surplus (deficit) for the year		<u>7 372 927</u>	<u>(5 500 762)</u>

CACADU DISTRICT MUNICIPALITY
Group Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Unappropriated surplus	Total net assets
Opening balance as previously reported	77 772 302	174 711 957	252 484 259
Adjustments			
Prior year adjustments (refer to note 28)	(3 046 898)	3 046 898	-
Balance at 01 July 2012 as restated*	74 725 404	177 758 855	252 484 259
Changes in net assets			
Revaluation (refer to note 19)	1 125 909	-	1 125 909
Deficit for the year	-	(7 161 470)	(7 161 470)
Total changes	1 125 909	(7 161 470)	(6 035 561)
Opening balance as previously reported	75 851 313	170 597 385	246 448 698
Adjustments			
Prior year corrections (refer to note 28)	-	1 660 708	1 660 708
Balance at 01 July 2013 as restated*	75 851 313	172 258 093	248 109 406
Changes in net assets			
Revaluation (refer to note 19)	658 622	-	658 622
Net income (losses) recognised directly in net assets	658 622	-	658 622
Surplus for the year	-	7 372 927	7 372 927
Total recognised income and expenses for the year	658 622	7 372 927	8 031 549
Total changes	658 622	7 372 927	8 031 549
Balance at 30 June 2014	76 509 935	179 631 020	256 140 955
Note(s)	19	20	

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
<u>Cash flows from operating activities</u>			
Receipts			
Grants		96 725 523	79 709 387
Interest income		14 937 060	15 676 298
Other receipts		23 700 265	5 059 132
		<u>135 362 848</u>	<u>100 444 817</u>
Payments			
Employee costs		(45 635 734)	(41 997 850)
Cash paid to suppliers		(24 883 610)	(21 978 073)
Other payments		(52 145 984)	(44 751 848)
		<u>(122 665 328)</u>	<u>(108 727 771)</u>
Net cash flows from operating activities	29	<u>12 697 520</u>	<u>(8 282 954)</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	11	(2 766 249)	(3 513 643)
Proceeds from sale of property, plant and equipment	11	35 207	288 170
Decrease in deposits		-	7 500
Decrease in long term receivables		(208 942)	(15 068)
Net cash flows from investing activities		<u>(2 939 984)</u>	<u>(3 233 041)</u>
<u>Cash flows from financing activities</u>			
Repayment of other financial liabilities		(3 781 481)	(3 574 633)
Short-term investments		38 000 000	(12 000 000)
Increase in long-term infrastructure levies		10 405	300 000
Net cash flows from financing activities		<u>34 228 924</u>	<u>(15 274 633)</u>
Net increase/(decrease) in cash and cash equivalents		43 986 460	(26 790 628)
Cash and cash equivalents at the beginning of the year		90 822 819	117 613 447
Cash and cash equivalents at the end of the year	9	<u>134 809 279</u>	<u>90 822 819</u>

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance											
Investment revenue	10 485 000	-	10 485 000	-	-	10 485 000	14 937 060		4 452 060	142 %	142 %
Transfers recognised - operational	89 328 372	11 599 629	100 928 001	-	-	100 928 001	94 506 196		(6 421 805)	94 %	106 %
Other own revenue	51 178 628	26 687 176	77 865 804	-	-	77 865 804	29 847 112		(48 018 692)	38 %	58 %
Total revenue (excluding capital transfers and contributions)	150 992 000	38 286 805	189 278 805	-	-	189 278 805	139 290 368		(49 988 437)	74 %	92 %
Employee costs	(45 303 000)	(5 087 100)	(50 390 100)	-	-	(50 390 100)	(39 310 862)		11 079 238	78 %	87 %
Remuneration of councillors	(5 823 500)	(643 400)	(6 466 900)	-	-	(6 466 900)	(6 230 950)		235 950	96 %	107 %
Depreciation and asset impairment	(2 058 200)	-	(2 058 200)			(2 058 200)	(1 311 782)		746 418	64 %	64 %
Finance charges	-	-	-	-	-	-	(1 534)		(1 534)	-	-
Transfers and grants	(7 907 872)	(11 524 629)	(19 432 501)	-	-	(19 432 501)	(12 929 782)		6 502 719	67 %	164 %
Other expenditure	(89 824 428)	(21 016 676)	(110 841 104)	-	-	(110 841 104)	(72 132 531)		38 708 573	65 %	80 %
Total expenditure	(150 917 000)	(38 271 805)	(189 188 805)	-	-	(189 188 805)	(131 917 441)		57 271 364	70 %	87 %
Surplus/(Deficit)	75 000	15 000	90 000	-	-	90 000	7 372 927		7 282 927	-	-
Surplus/(Deficit) for the year	75 000	15 000	90 000	-	-	90 000	7 372 927		7 282 927	-	-

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources											
Total capital expenditure	(13 105 000)	(974 696)	(14 079 696)	-	-	(14 079 696)	(2 766 249)		11 313 447	20 %	21 %
Sources of capital funds											
Internally generated funds	13 105 000	974 696	14 079 696	-	-	14 079 696	2 766 249		(11 313 447)	20 %	21 %
Cash flows											
Net cash from (used) operating	225 000	-	225 000	-	-	225 000	12 697 520		12 472 520	-	-
Net cash from (used) investing	(13 105 000)	(974 696)	(14 079 696)	-	-	(14 079 696)	(2 939 984)		11 139 712	21 %	22 %
Net cash from (used) financing	-	-	-	-	-	-	34 228 924		34 228 924	-	-
Net increase/(decrease) in cash and cash equivalents	(12 880 000)	(974 696)	(13 854 696)	-	-	(13 854 696)	43 986 460		57 841 156	(317)%	(342)%
Cash and cash equivalents at the beginning of the year	117 763 446	-	117 763 446	-	-	117 763 446	90 822 819		(26 940 627)	77 %	77 %
Cash and cash equivalents at year end	104 883 446	(974 696)	103 908 750	-	-	103 908 750	134 809 279		(30 900 529)	130 %	129 %

Refer to Note 47 for explanations of variances

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Reporting Entity

The group financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These group financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these group financial statements, are disclosed below.

1.1 Presentation currency

These group financial statements are presented in South African Rand, which is the functional currency of the municipality.

All figures in the group financial statements are rounded up to the nearest Rand.

1.2 Going concern assumption

These group financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Consolidation

Basis of consolidation

Consolidated financial statements are the group financial statements of the municipality presented as those of a single entity.

The consolidated financial statements incorporate the financial statements of the controlling entity and the controlled entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of the controlled entity, are included in the consolidated financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The group financial statements of the controlling entity and its controlled entity used in the preparation of the consolidated financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the group financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.4 Basis of Preparation

Statement of compliance

The group annual group financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and the International Public Sector Accounting Standards (IPSAS), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practices Board.

These accounting policies have been applied to ensure that the group financial statements provide information that is relevant to the decision-making needs of users and are reliable.

Basis of measurement

The group financial statements have been prepared on the accrual basis.

Use of estimates and judgements

The preparation of group financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the group financial statements are described in the notes.

Estimates and judgements are made to identify impairments required to be made to assets. The condition of the assets are assessed together with the use of the asset to determine whether an impairment is required.

The useful life of an asset is reviewed annually and management assess the condition and the usefulness of the asset at each reporting date to determine the remaining useful life of the assets.

Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.5 Investment property

Initial recognition

Investment property includes land and a building, or part of a building, or both land or buildings held under a finance lease held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Subsequent measurement - fair value model

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Revaluation will take place every five years commencing from 1 July 2007. Should the need arise, the valuations would be performed more regularly.

Derecognition

Investment property is derecognised (eliminated from the Statement of Financial Position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses

Gains or losses arising from the derecognition of investment property (difference between carrying amount less any revaluation surpluses and net disposal proceeds) are included in surplus or deficit.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Initial measurement

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting was first adopted, i.e. 1 July 2005. The "cost" of property, plant and equipment upon "initial recognition" is either its cost or fair value at initial recognition. The "cost" of land and buildings on 1 July 2005 would constitute its fair value on that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amount represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.6 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.6 Property, plant and equipment (continued)

On acquisition of items of property, plant and equipment, the useful lives are assessed as follows:

<u>Item</u>	<u>Years</u>
Buildings	50
Furniture and fixtures	7 - 15
Motor vehicles	5 - 10
Office equipment	2 - 10
Computer equipment	2 - 10
Bins and containers	5 - 10
Specialised vehicles	5 - 20
Specialised Plant and Equipment	5 - 15

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.6 Property, plant and equipment (continued)

Gains and losses

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

An asset is identifiable as an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the day of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired, impairment to the asset will be made.

Reassessing the useful life of an intangible asset with a finite useful life, after it was classified as indefinite, is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 Investments

The municipality classifies its investments as "Loans and receivables".

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables, receivable within 12 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost if material.

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.9 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.10 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

Loans and receivables
Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.10 Financial instruments (continued)

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Loans and receivables" and are initially measured at cost. Subsequent measurement is at face value or, if material, at amortised value.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.10 Financial instruments (continued)

Derecognition:

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.11 VAT

The municipality accounts for Value Added Tax on the invoice basis.

The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is submitted on a monthly basis to SARS.

The net VAT is either classified as "Loans and receivables" or "Financial liabilities at amortised cost".

Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost if material.

Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.12 Grants, transfers and donations

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

Interest earned on investments is treated in accordance with grant conditions. If interest is payable to the grantor, it is recognised as a liability and if not, it is recognised as interest earned in the statement of financial performance.

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Municipality as the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Municipality as the lessee

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases and where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and the corresponding liabilities are raised. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

1.14 Segmental information

The principal segments have been identified on a primary basis by classification of the revenue and expenditure and on a secondary basis by the classification of service of operations. The secondary basis is representative of the internal structure for both budgeting and management purposes.

The standard is not applicable to the current year.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.15 Receivables from exchange and non-exchange transactions

Receivables are classified as "Loans and receivables" and are initially recognized at fair value. Subsequent measurement is at amortised value if material. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on an assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.16 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.17 Payables from exchange and non-exchange transactions

Payables are classified as "Liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised value if material.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.18 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefits

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

Other short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.19 Provisions

Provisions are recognised when:

the municipality has a present obligation as a result of a past event;
it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31 and 32.

1.20 Revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Income collected on behalf of "principals" is recognised on a monthly basis once the income collected on behalf of the principal has been quantified. The income recognised is in terms of the service level agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met, or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the conditions, a liability is recognised.

All other revenue is recognised as it accrues.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.21 Revenue from non-exchange transactions

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the cost of the consideration received or receivable.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act no. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised.

1.22 Revenue

Revenue comprises the cost of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is measured at the fair value of the consideration received or receivable net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the municipality. Revenue is recognised as revenue from exchange transactions and revenue from non-exchange transactions.

1.23 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

1.24 Grants-in-aid

The municipality transfers money, from time to time, to individuals, organisations and other sectors of government in accordance with the Municipal Finance Management Act 56 of 2003.

When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expected to be repaid in future; or
- Expected a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as an expense in the period with which the events giving rise to the transfer occurred.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.25 Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to these group financial statements.

When the presentation or classification of items in the group annual group financial statements is amended, the prior period comparative amounts are restated and the nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.26 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act no.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and detailed further in the notes to the group financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and detailed further in the notes to the group financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 Irregular expenditure

Irregular expenditure as defined in section 102 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the group financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the group financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the group financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the group financial statements must be updated with the amount condoned / written off.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.28 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the group financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the group financial statements and updated accordingly in the irregular expenditure register.

1.29 Unutilised conditional grants

Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.
- The unspent grant is classified as "Financial liabilities at amortised cost".

Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

1.30 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Accounting Policies

1.31 Events after reporting date

Management conducts an assessment on any events occurring subsequent to the end of the reporting date and prior to the finalisation of the group financial statements to identify any incidents that would provide the user with additional information that could influence decision-making and the usefulness of the group financial statements. This information is then disclosed accordingly in the group financial statements.

1.32 Effective interest rate

The entity uses the prime interest rate less 0.5% to discount future cash flows.

1.33 Capital commitments

Capital commitments disclosed in the group financial statements represents the balance committed to capital projects at the reporting date that will be incurred subsequent to the reporting date. The capital commitment disclosed identifies awards entered into by the municipality against the capital projects as well as a commitment upon approval of a budget for a capital project.

1.34 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013/07/01 to 2014/06/30.

The Statement of comparative and actual information has been included in the group financial statements as the recommended disclosure when the group financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.35 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

All transactions with related parties are disclosed.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

2. Changes in accounting policy

There were no changes in accounting policies during the financial year.

3. New standards and interpretations

3.1 Standards and interpretations effective in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

<u>Standard/ Interpretation:</u>	<u>Effective date: Years beginning on or after</u>	<u>Expected impact:</u>
GRAP 25: Employee Benefits	1 April 2013	The effects on the group financial statements is limited as the standard has been applied and adopted previously.

4. Receivables from exchange transactions

General debtors	-	30 192
Salaries and Wages Debtors	305 015	334 317
Accrued Rent	73 357	180 743
Rental	69 038	16 229
Allowance for impairment	(55 728)	(3 188)
	391 682	558 293

Receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2014, R 391 682 (2013: R 558 293) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current (0 - 30 days)	90 143	234 996
31 - 60 days	13 109	-
> 90 days	288 430	323 297

Receivables from exchange transactions impaired

As of 30 June 2014, receivables from exchange transactions of R 55 728 (2013: R 3 188) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	13 009	-
Over 6 months	42 719	3 188

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
5. Receivables from non-exchange transactions		
General	982 396	22 982 348
Prepayments	500 000	450 000
Department of Housing (housing scheme)	9 231 380	9 231 380
Allowance for impairment	(10 170 026)	(32 159 720)
	543 750	504 008

Receivables from non-exchange transactions past due but not impaired

Receivables which are less than 3 months past due are not considered to be impaired.

There were no receivables older than 3 months that were not considered to be impaired in the current financial year.

Receivables from non-exchange transactions impaired

As of 30 June 2014, receivables of R 10 170 026 (2013: R 32 151 245) were impaired and provided for.

The equitable share amounting to R21 987 000 has been withheld during 2012 by National Treasury due to the previously incorrect treatment of VAT. The amount was then included in debtors and fully impaired in 2012. This amount was received during the current year and the impairment was reversed.

The ageing of these receivables is as follows:

over 365 days	10 170 026	32 159 720
---------------	------------	------------

6. VAT receivable

Value added taxation	4 400 839	2 157 317
----------------------	-----------	-----------

All VAT returns have been submitted by their due dates throughout the year.

VAT is accounted for on the invoice basis.

No discounting was performed.

7. Deposits paid

Deposits - Electricity	5 000	5 000
Deposits - Post Office	9 000	9 000
Deposits - Parking Grace Street	1 410	1 410
	15 410	15 410

8. Short-term investments

All short-term deposits that will mature more than 3 months after the reporting date is classified as short-term investments and do not form part of cash and cash equivalents.

Short-term deposits	125 000 000	163 000 000
---------------------	-------------	-------------

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 100	6 100
Bank balances	6 846 610	4 979 932
Short-term deposits	127 956 569	85 836 787
	134 809 279	90 822 819

Short-term deposits

Cash and cash equivalents are classified as a financial asset under Loans and Receivables at amortised cost. All short-term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.

No cash deposits were ceded as collateral.

The return on investments for 2014 fluctuated between 5.17% and 7%. (2013: 4.97% and 5.70%).

Interest on investments accrued	956 569	836 787
Short-term deposits	103 000 000	78 000 000
Call Account Deposits	24 000 000	7 000 000
Total short-term deposits	127 956 569	85 836 787

Allocation of external investments

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

Post employment medical benefit	62 002 301	63 481 921
Unspent Conditional Grants and Receipts	15 061 730	19 279 576
Infrastructure projects from Levies	1 633 861	1 674 624
Accrued leave pay	2 122 729	2 226 123
Unappropriated surplus	53 988 658	4 160 575
Total	134 809 279	90 822 819

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

9. Cash and cash equivalents (continued)

The Municipality has the following bank accounts

Bank details	30 June 2014	Bank statement balances 30 June 2013	30 June 2012	30 June 2014	Cash book balances 30 June 2013	30 June 2012
ABSA Limited Govan Mbeki Avenue Port Elizabeth Current Account (Primary account): 1640-000-062	4 156 995	8 711 698	2 470 872	1 471 001	4 979 932	(506 415)
ABSA Limited Ring Road, Greenacres Port Elizabeth Current Account (Primary account): 40-8134-2536	1 504 281	-	-	1 504 281	-	-

CACADU DISTRICT MUNICIPALITY
Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

10. Investment property

		2014		2013	
Cost / Valuation	Carrying value	Accumulated depreciation and impairment	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
27 288 500	24 839 500	(2 449 000)	26 187 501	(2 380 000)	23 807 501

Investment property

Reconciliation of investment property - 2014

Opening balance	Impairments	Fair value adjustments	Total
23 807 501	(69 000)	1 100 999	24 839 500

Investment property

Reconciliation of investment property - 2013

Opening balance	Impairments	Fair value adjustments	Total
22 959 500	(30 077)	878 078	23 807 501

Investment property

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

10. Investment property (continued)

Details of valuation

Investment Property was valued at 30 June 2014 and 30 June 2013 on the basis of willing buyer and willing seller by Suid Kaap Waardeerders, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth.

The properties were valued in terms of Valuation Professionalism and the requirements of the Property Professions Act 47 of 2000 with particular reference to sections 45 and 46. In terms of section 45(1), the properties must be valued in accordance with generally recognised valuation practices, methods and standards, and the provisions of this Act. In terms of section 46(1), the market value of a property is the amount the property would have realised if sold on the date of the valuation in the open market by a willing seller to a willing buyer.

No operating expenditure was incurred by the municipality on the Investment Properties during the current and previous financial year.

Rental revenue received on investment properties for the year is R16 595 (2013: R3 684).

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Cacadu District Municipality.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

11. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 814 000	(3 239 500)	5 574 500	8 640 500	(3 262 500)	5 378 000
Buildings	15 735 377	(3 628 378)	12 106 999	15 659 519	(3 392 519)	12 267 000
Specialised plant and machinery	2 121 319	(1 100 066)	1 021 253	2 135 591	(1 027 190)	1 108 401
Furniture and fixtures	2 164 031	(941 389)	1 222 642	2 055 610	(823 650)	1 231 960
Motor vehicles	8 295 683	(2 972 939)	5 322 744	7 811 370	(2 491 730)	5 319 640
Office equipment	2 254 653	(502 710)	1 751 943	762 635	(438 673)	323 962
Computer equipment	4 335 334	(2 251 298)	2 084 036	4 201 611	(2 239 826)	1 961 785
Bins and containers	98 988	(32 392)	66 596	98 988	(24 456)	74 532
Specialised vehicles	275 159	(182 987)	92 172	275 159	(178 090)	97 069
Total	44 094 544	(14 851 659)	29 242 885	41 640 983	(13 878 634)	27 762 349

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment reversal	Total
Land	5 378 000	-	-	173 500	-	23 000	5 574 500
Buildings	12 267 000	96 236	-	(20 378)	(272 711)	36 852	12 106 999
Specialised plant and machinery	1 108 401	-	(4)	-	(87 144)	-	1 021 253
Furniture and fixtures	1 231 960	136 925	(34)	-	(133 013)	(13 196)	1 222 642
Motor vehicles	5 319 640	598 544	(11 424)	-	(584 016)	-	5 322 744
Office equipment	323 962	1 514 744	(21)	-	(85 754)	(988)	1 751 943
Computer equipment	1 961 785	419 800	(14 070)	-	(236 119)	(47 360)	2 084 036
Bins and containers	74 532	-	-	-	(7 936)	-	66 596
Specialised vehicles	97 069	-	-	-	(4 897)	-	92 172
	27 762 349	2 766 249	(25 553)	153 122	(1 411 590)	(1 692)	29 242 885

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land	5 261 500	-	-	76 000	-	-	40 500	5 378 000
Buildings	12 498 000	137 954	-	6 565	(273 255)	(140 826)	38 562	12 267 000
Specialised plant and machinery	1 189 987	25 181	-	-	(106 394)	(373)	-	1 108 401
Furniture and fixtures	1 301 756	87 528	(4 734)	-	(146 004)	(6 586)	-	1 231 960
Motor vehicles	3 448 596	2 345 046	(52 317)	-	(421 685)	-	-	5 319 640
Office equipment	360 947	19 079	(9 519)	-	(45 124)	(1 421)	-	323 962
Computer equipment	1 315 203	898 855	(29 490)	-	(191 350)	(31 433)	-	1 961 785
Bins and containers	82 467	-	-	-	(7 935)	-	-	74 532
Specialised vehicles	101 965	-	-	-	(4 896)	-	-	97 069
	25 560 421	3 513 643	(96 060)	82 565	(1 196 643)	(180 639)	79 062	27 762 349

Revaluations

Land and buildings were valued at 30 June 2013 and 30 June 2014 on the basis of willing buyer and willing seller by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

The carrying value of properties is measured at fair value as these properties were taken on at fair value and not at cost. The carrying value of these properties, if measured under the cost model, could not be calculated.

Refer appendix A for more details.

Pledged as security

No assets were pledged as security during the current and previous year.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

2014

2013

11. Property, plant and equipment (continued)

Other information

There are no assets on the fixed asset register that are fully depreciated and still in use. All assets that are fully depreciated or impaired are separately located and will be disposed off in terms of a Council resolution.

The fixed asset register is available at the Cacadu District Municipality office for inspection.

12. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	86 885	-	86 885	86 885	-	86 885

Computer software

CQS Software

CQS Software (Caseware) is used as an aid in the preparation of the group annual group financial statements. The implementation of the software consist of two components i.e. template and annual licence fees. The template is an once off purchase and has an infinite lifespan. The annual licence fee is required to operate the template and is expensed annually.

Financial System (APPX)

The financial system was initiated through an annual licence fee with no initial purchase price. The software was then internally developed to meet the financial and other processing and reporting requirements of the municipality. The asset meets the definition of an intangible asset, but does not meet the recognition criteria as the cost cannot be measured reliably. The major cost of development of the system was incurred between 1987 and 1989. Subsequently, the major portion of costs to date was incurred for the maintenance of the system.

Performance Management System

The performance management system was developed internally with the use of a consultant. The asset meets the definition of an intangible asset, but does not meet the recognition criteria as the internal cost cannot be measured reliably. The cost of the consultant however amounted to R258 959.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

13. Heritage assets

	2014		2013	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
				Accumulated impairment losses
				Carrying value
Conservation areas	35 660 500	(1 627 000)	34 033 500	35 155 000
				(1 797 500)
				33 357 500

Reconciliation of heritage assets 2014

	Opening balance	Revaluation	Impairment losses recognised	Impairment losses reversed	Total
Conservation areas	33 357 500	505 500	(12 000)	182 500	34 033 500

Reconciliation of heritage assets 2013

	Opening balance	Revaluation	Impairment losses recognised	Total
Conservation areas	31 907 000	1 854 500	(404 000)	33 357 500

Heritage assets which fair values cannot be reliably measured

Heritage assets were valued at 30 June 2013 and 30 June 2014 on the basis of willing buyer and willing seller by Suid Kaap Waardeers, a registered and independent valuator. A register is available for inspection at the Cacadu District Municipality Head Office in Govan Mbeki Avenue, Port Elizabeth, which includes the methods and significant assumptions applied in estimating the properties' fair values.

Refer appendix A for more details.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

14. Long-term receivables

Study advances	231 872	22 930
----------------	---------	--------

Classified as a financial asset: loans and receivables are subsequently measured at amortised cost.

Study advances relates to amounts paid on behalf of employees to tertiary institutions for the furthering of the employees' development. These advances are repaid monthly in terms of the agreements with the applicable employees in the event of the employees not passing their respective modules.

15. Payables from exchange transactions

Trade payables	730 593	679 930
Sundry creditors	10 746	79 948
Accrued expenses	14 882 338	5 451 644
Employee costs	34 861	42 430
Payments in advance - Other	2 601	2 601
Unidentified deposits	591	591
Accrued leave pay *	2 179 720	2 226 123
Infrastructure levies	683 000	734 168
	<u>18 524 450</u>	<u>9 217 435</u>

* Not financial liabilities.

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature.

Infrastructure levies

The infrastructure levies included in payables from exchange transactions is short-term in nature and is expected to be utilised within a 12 month period.

The long-term portion of the infrastructure levies is classified under non-current liabilities as the amount is not expected to be utilised within the next 12 months due to uncertainties surrounding the related projects and amounts to R950 861 (2013: R940 456).

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
16. Post-employment medical benefit		
<u>Changes in the present value of the defined benefit obligation are as follows:</u>		
Opening balance	63 481 921	58 049 255
Contributions by plan participants	(3 781 481)	(3 574 632)
Benefits paid	484 576	274 052
Actuarial (gain) / loss	(2 936 737)	3 912 240
Discounting	4 754 022	4 821 006
	62 002 301	63 481 921
<u>The amounts recognised in the statement of financial position are as follows:</u>		
<u>Carrying value</u>		
Long-term portion of post-employment medical benefit	(58 018 431)	(59 716 794)
Short-term portion of post-employment medical benefit	(3 983 870)	(3 765 127)
	(62 002 301)	(63 481 921)
<u>The estimated expected timing of resulting outflows of post employment medical benefits are:</u>		
Within one year	3 983 870	3 765 127
Later than one year, not later than five years	13 976 089	17 356 314
Later than five years	44 042 342	42 360 480
	62 002 301	63 481 921
<u>Accumulative actuarial gains and losses</u>		
Balance at the beginning of the year	(14 537 625)	(10 625 385)
Projected during the year	2 953 225	(3 912 240)
	(11 584 400)	(14 537 625)
<u>The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:</u>		
Financial period 2009/2010	54 272 471	
Financial period 2010/2011	59 174 995	
Financial period 2011/2012	58 049 255	
Financial period 2012/2013	63 481 921	
Financial period 2013/2014	62 002 301	

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

2014

2013

16. Post-employment medical benefit (continued)

Retirement fund benefits

Employees and council contribute to Cape Joint Retirement Fund on the basis of a fixed contribution, which is charged against income as incurred.

The municipality's net obligation in respect of post employment medical benefits was calculated by Independent Actuaries and Consultants as at 30 June 2013 and 30 June 2014. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

89 Principle members are currently covered by the fund (2013 : 90 members).

Valuation method

Pre-retirement benefits

The death in-service benefit is regarded as a post-employment liability under the requirements of IAS 19.

Post-retirement benefits

The method of accrual that has been used in the valuation is based on the length of service at the valuation date relative to the total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past-service liability.

Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution - based liability.

Current service cost

The current service cost for the following year is determined as the amount assumed to accrue to the member over the next twelve months.

Value assumptions:

Rate of interest

Medical aid inflation rate 8.32% p.a.

Investment return 9.31% p.a.

The discount rate was deduced from the yield of the R186 government bond of 9.31% at 30 June 2014 (the R186 government bond is a fixed interest government bond maturing in 15 years).

A Health Care inflation rate of 8.32% has been assumed. The market's pricing of inflation has been estimated by comparing the yields on index linked government bonds and long term government bonds, adjusting for an inflation risk premium of 0.5% per annum. This implied inflation assumption is therefore 6.82% per annum for future inflation. Future subsidies can be expected to increase in line with medical inflation. It is assumed that medical inflation will exceed general inflation by 1.5% per annum.

The net discount rate has increased from 0.02% per annum to a rate of 0.92% per annum, which derives from a discount rate of 9.31% and the expected medical inflation rate of 8.32%.

The next contribution increase was assumed to occur with effect from 1 January 2015.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

2014

2013

16. Post-employment medical benefit (continued)

Mortality rates

Mortality for pre-retirement benefits has been based on the SA 85-90 mortality table rated down by three years for females and on the PA (90) -1 mortality table for post retirement benefits.

Normal retirement age

The Normal Retirement Ages for the municipality are 65 years for male employees and 60 years for female employees. An average retirement age of 63 years for male employees and 60 years for female employees has been assumed.

Family profile

It was assumed that 90% of those in-service members who remain on the health care arrangements will be married at retirement. Further, it has been assumed that in-service husbands will be three years older than their wives and that employees will not have any dependent children once they retire. For current retired members, actual marital status was used and the potential for remarriage was ignored.

Withdrawals

Withdrawal rates were not provided as the valuator believes that the membership is too small to derive specific rates of withdrawals.

Medical aid contributions at retirement

It is assumed that all the members will remain members of the medical aid scheme after retirement and that members would be in the same contribution category in all future years as on the valuation date.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

National government grants	1 480 187	6 175 633
Provincial and municipal grants and subsidies	13 551 584	11 936 213
3rd Party grants and subsidies	29 959	1 167 730
	<u>15 061 730</u>	<u>19 279 576</u>

See note 49 and 50 for disclosure requirements in terms of section 123 (1) of the MFMA.

A complete list of all conditions are available at the municipality during office hours.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

2014

2013

18. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	584 947	325 965	(110 091)	(474 856)	325 965
Long service bonus	481 271	589 340	(267 059)	(214 212)	589 340
Balance at end of year	1 066 218	915 305	(377 150)	(689 068)	915 305

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	557 264	584 947	(50 188)	(507 076)	584 947
Long service bonus	373 535	481 271	(134 175)	(239 360)	481 271
	930 799	1 066 218	(184 363)	(746 436)	1 066 218

Performance bonus provision

Performance bonuses are calculated based on performance agreements, which are linked to key performance indicators determined in the Service Delivery and Budget Implementation Plan or the Service Level Agreement. Bonuses are expected to be paid during the following financial year dependent on the outcome of the performance reviews and council approval.

Long service bonus provision

Long service bonuses are calculated based on SALGA regulations. These bonuses are payable in the financial year in which the employees reach the required number of years of service.

19. Revaluation Reserve

Land and Buildings were valued at 30 June 2013 and 30 June 2014 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

The revaluation surplus is reconciled as follows:

Balance at beginning of the year	75 851 313	74 725 404
Revaluation during the year	658 622	1 690 751
Reclassification of property, plant and equipment as investment property	-	(564 842)
Balance at the end of the year	76 509 935	75 851 313

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
20. Unappropriated surplus		
<u>The unappropriated surplus is reserved for the following purpose:</u>		
General	179 631 020	172 258 093
<u>The cash backed portion of the unappropriated surplus is ring fenced for the following purpose:</u>		
General	154 405 266	125 095 185
Allowance for impairment	10 225 754	32 162 908
Restructuring grant funds allocated to surplus	15 000 000	15 000 000
	<u>179 631 020</u>	<u>172 258 093</u>
21. Total Revenue - includes		
<u>Other revenue:</u>		
Settlement discount received	37 500	33 750
Contribution from skills development fund	71 489	407 711
Bad debts recovered	1 328 862	-
Infrastructure projects funded from infrastructure contingency fund	40 763	1 947 922
Insurance claims	-	92 170
Tender deposits	19 496	15 744
Value added taxation	678 630	953 184
Other	592 002	409 120
Total other revenue	<u>2 768 742</u>	<u>3 859 601</u>
Revenue from exchange transactions		
Rental	1 053 610	1 076 663
Investment interest	14 937 060	15 399 324
Income from agency services	40 217	31 871
Total revenue from exchange transactions (excl VAT)	<u>16 030 887</u>	<u>16 507 858</u>
Revenue from non exchange transactions		
Government grants and subsidies	94 506 196	90 831 264
Fair value gain on revaluation of investment property	1 100 999	878 078
Reduction in provision for debt impairment	21 937 154	-
Actuarial gain on post employment medical benefit	2 936 737	-
Gain on disposal of assets	9 653	192 110
Other revenue	2 768 742	3 859 601
Total revenue from non exchange transactions	<u>123 259 481</u>	<u>95 761 053</u>
Total revenue from exchange and non exchange transactions	<u>139 290 368</u>	<u>112 268 911</u>
Revenue	95 559 806	91 907 927
Other income	43 730 562	20 360 984
Total revenue from exchange and non exchange transactions	<u>139 290 368</u>	<u>112 268 911</u>

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

22. Government grants and subsidies

Equitable share	75 091 000	71 325 000
Provincial subsidy - pensioners	4 580 881	4 538 001
Grant funding - expenditure reimbursement	14 834 315	14 921 565
Ikwezi Local Municipality - co-funding	-	46 698
	<u>94 506 196</u>	<u>90 831 264</u>

Equitable Share

In terms of the Constitution, this grant is used to finance the operations of the institution.

DORA

Balance unspent at beginning of year	279 696	221 180
Current-year receipts	5 042 000	3 250 000
Conditions met - transferred to revenue	(5 321 696)	(3 191 484)
Total Government Grants	<u>-</u>	<u>279 696</u>

The following conditional grants were received through the DORA allocations during the financial year:

R1 250 000 - Finance Management Grant (FMG)
R 890 000 - Municipal Systems Improvement Grant (MSIG)
R1 000 000 - Expanded Public Works Programme Grant (EPWPG)
R1 902 000 - Rural Roads Asset Management Grant

The conditions of the above grants has been met and the full amounts were transferred to revenue during the year.

23. Conditional grants expenditure and other grants and subsidies paid

Under conditional grant expenditure	12 929 782	11 385 952
Under salaries and wages	1 235 500	1 235 500
Under capital expenditure	669 033	-
Total conditional grants and subsidies paid	<u>14 834 315</u>	<u>12 621 452</u>

Other grants and subsidies paid

Sundries	110 709	123 055
Koukamma flood damage interest	105 884	172 780
Environmental health subsidies	7 699 381	7 500 004
Total other grants and subsidies paid	<u>7 915 974</u>	<u>7 795 839</u>

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
24. Employee costs		
Remuneration of employees	39 310 862	36 469 149
Remuneration of Councillors and Board members (Refer Note 25)	6 230 950	5 665 025
Total Employee Costs	45 541 812	42 134 174

The remuneration of employees are determined in accordance with the task grade and the applicable notch allocated to the employees in their positions. The municipality is graded as a Category 5 municipality which effects the remuneration ranges of positions of employees. The municipality operates in accordance with the Collective Agreements entered into between the municipality and Bargaining Council.

Set out below are the details for remuneration paid to Directorate Heads:

Remuneration of Municipal Manager

Annual remuneration	998 327	961 855
Car allowance	156 000	156 000
Performance bonuses	63 177	50 188
	1 217 504	1 168 043

Mr DM Pillay is the Municipal Manager and was re-appointed on 1 January 2012 for a period of 5 years.

Remuneration of the Chief Executive Officer

Annual remuneration	780 000	-
Car allowance	120 000	-
	900 000	-

Mr GM Mvoko was appointed as the Chief Executive Officer of CDA on 1 July 2013 for a period of 2 years.

Remuneration of Director Finance and Corporate Services

Annual Remuneration	861 732	816 881
Car Allowance	144 000	144 000
Performance Bonuses	46 914	-
	1 052 646	960 881

Mr D De Lange is the Director : Finance and Corporate Services and was re-appointed on 1 January 2012 for a period of 5 years.

Remuneration of the Director Infrastructure Services and Planning

Annual remuneration	905 757	836 745
Car allowance	144 000	144 000
	1 049 757	980 745

Mr B Makedama is the Director : Infrastructure Services and Planning and was appointed on 1 November 2011 for a period of 5 years.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

24. Employee costs (continued)

Remuneration of the Director Economic Development

Annual remuneration	807 741	750 541
Car allowance	120 000	120 000
	<u>927 741</u>	<u>870 541</u>

Mr P Kate is the Director : Economic Development and was appointed on 1 October 2011 for a period of 5 years.

25. Remuneration of councillors and board members

Executive Mayor	792 227	725 046
Mayoral committee members	2 807 587	2 667 569
Speaker	592 664	564 830
Councillors	1 951 231	1 707 580
Board members	87 241	-
	<u>6 230 950</u>	<u>5 665 025</u>

In-kind benefits

The Executive Mayor and the Mayoral committee members are full time Councillors and are provided with offices and secretarial support at the cost of the Council.

The Executive Mayor has the use of a council owned vehicle for official duties.

26. Financial Instruments - Financial assets by category

Financial Instruments are classified into the following categories:

Financial Assets: Loans and Receivables

Financial Liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed.

2014

	Loans and receivables	Total
Receivables from exchange transactions	391 682	391 682
Receivables from non-exchange transactions	500 000	500 000
Deposits	15 410	15 410
Short-term investments	125 000 000	125 000 000
Cash and cash equivalents	134 809 279	134 809 279
	<u>260 716 371</u>	<u>260 716 371</u>

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

26. Financial Instruments - Financial assets by category (continued)

2013

	Loans and receivables	Total
Receivables from exchange transactions	558 293	558 293
Receivables from non-exchange transactions	504 008	504 008
Deposits	15 410	15 410
Short-term investments	163 000 000	163 000 000
Cash and cash equivalents	90 822 819	90 822 819
	254 900 530	254 900 530

27. Financial Instruments: Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2014

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	58 018 431	58 018 431
Unspent conditional grants and receipts	15 061 730	-	15 061 730
Long-term portion of infrastructure levies	950 861	-	950 861
Provisions	-	915 305	915 305
Payables from exchange transactions	16 344 730	-	16 344 730
Short-term portion of the post employment medical benefit	-	3 983 870	3 983 870
	32 357 321	62 917 606	95 274 927

2013

	Financial liabilities at amortised cost	Non financial liabilities	Total
Post employment medical benefit	-	59 716 794	59 716 794
Short-term portion of unspent conditional grants	19 279 576	-	19 279 576
Long-term portion of infrastructure levies	940 456	-	940 456
Provisions	-	1 066 218	1 066 218
Payables from exchange transactions	6 991 312	-	6 991 312
Short-term portion of unspent conditional grants	-	-	-
Short-term portion of post employment medical benefit	-	3 765 127	3 765 127
	27 211 344	64 548 139	91 759 483

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

28. Restatement of prior year figures

Summary of changes to the surplus opening balance 2013:

Rental of facilities and equipment	114
Government grant and subsidies	1 125 046
Fair value adjustments	512 500
General expenses - other	(3 042)
Employee related costs	(28 453)
Depreciation adjusted	118 228
Impairment loss	(65 887)
Other income adjusted	2 202
	<u>1 660 708</u>

Summary of changes to the financial position

Trade and other receivables from exchange transactions	1 167
Cash and cash equivalents	(27 547)
Reserves	3 611 741
Unspent conditional grants	1 125 046
Payables from exchange transactions	(2 799)
Property plant and equipment	(8 927 001)
Investment property	8 927 001
	<u>4 707 608</u>

Summary of changes to the surplus opening balance 2012:

Fair value adjustment	2 639 500
Impairment	(2 360 500)
Depreciation	2 767 898
	<u>3 046 898</u>

Details of changes to the surplus opening balance 2013:

Raise rental revenue not accounted for in debtors	114
Conditional grant balance transferred to surplus as conditions have been met	1 125 046
Raise fair value adjustment in respect of reclassification of properties as investment property	512 500
Refund due to employee not accrued	(1 892)
Subscriptions incorreced reflected under other income	(1 150)
Raise medical aid contribution and PAYE not accounted for correctly	(28 452)
Reversal of depreciation in respect of reclassification of properties as investment property	118 228
Raise impairment loss in respect of reclassification of properties as investment property	(65 887)
Raise revenue not accounted for in debtors	1 051
Subscriptions transferred to expenditure	1 150
	<u>1 660 708</u>

Details of changes to the surplus opening balance 2012:

Raise fair value adjustment in respect of reclassification of properties as investment property	2 639 500
Raise impairment loss in respect of reclassification of properties as investment property	(2 360 500)
Reversal of depreciation in respect of reclassification of properties as investment property	2 767 898
	<u>3 046 898</u>

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

28. Restatement of prior year figures (continued)

Details of changes to the financial position:

Raise revenue not accounted for in debtors	1 167
Correction of cash and bank due to payment of medical aid contribution	(27 547)
Reclassification of property, plant and equipment as investment property	3 611 741
Conditions of grants met and funds transferred to surplus	1 125 046
Raise accruals for expenditure not accounted for	(2 799)
Transfer of properties from property, plant and equipment to investment property	(8 927 001)
Increase in investment property due to reclassification of property, plant and equipment	8 927 001
	<u>4 707 608</u>

	Restated 2013	As previously stated 2013
Revenue		
Rental	1 076 663	1 076 549
Investment interest	15 399 324	15 399 324
Income from agency services	31 871	31 871
Other income	3 859 601	3 857 399
Government grants and subsidies	90 831 264	89 706 218
Gain on disposal of assets	192 110	192 110
Fair value adjustment	878 078	365 578
	<u>112 268 911</u>	<u>110 629 049</u>
Expenses		
Employee related costs	42 134 174	42 105 721
Actuarial loss on post employment medical benefit	3 912 240	3 912 240
Depreciation	1 196 643	1 314 871
Repairs and maintenance	388 129	388 129
Increase / reduction in debt impairment	11 663	11 663
Bad debts written off	3 121	3 121
Contracted services	2 796 732	2 796 732
Conditional grant expenditure	11 385 952	11 385 952
Other grants and subsidies paid	7 795 839	7 795 839
General expenses - other	43 598 235	43 595 193
Discounting of post retirement benefit obligation	4 821 006	4 821 006
Impairment loss	(274 061)	(339 948)
	<u>117 769 673</u>	<u>117 790 519</u>
Deficit for the year	<u>(5 500 762)</u>	<u>(7 161 470)</u>

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
28. Restatement of prior year figures (continued)		
	Restated 2013	As previously stated 2013
Assets		
Current Assets		
Short term portions of long-term receivables		
Trade and other receivables from exchange transactions	558 293	558 293
Trade and other receivables from non exchange transactions	504 008	502 841
VAT	2 157 317	2 157 317
Deposits paid	15 410	15 410
Cash and cash equivalents and short-term investments	<u>253 822 819</u>	<u>253 850 366</u>
	<u>257 057 847</u>	<u>257 084 227</u>
Non-current assets		
Property plant and equipment	27 762 349	36 689 350
Long term receivables	22 930	22 930
Investment property	23 807 501	14 880 500
Heritage assets	33 357 500	33 357 500
Intangible assets	86 885	86 885
	<u>85 037 165</u>	<u>85 037 165</u>
Total Assets	<u>342 095 012</u>	<u>342 121 392</u>
Liabilities		
Short-term portion of post employment medical benefit	3 765 127	3 765 127
Payables from exchange transactions	9 217 436	9 214 637
Unspent conditional grants	19 279 576	20 404 622
Provisions	1 066 218	1 066 218
	<u>33 328 357</u>	<u>34 450 604</u>
Non-current liabilities		
Long-term portion of post employment medical benefit	59 716 794	59 716 794
Long-term portion of infrastructure levies	940 456	940 456
	<u>60 657 250</u>	<u>60 657 250</u>
Total Liabilities	<u>93 985 607</u>	<u>95 107 854</u>
Total assets less liabilities	<u>248 109 405</u>	<u>247 013 538</u>
Reserves	75 851 313	79 463 054
Unappropriated surplus	172 258 093	167 550 484
Total Net Assets	<u>248 109 406</u>	<u>247 013 538</u>

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
29. Cash generated from (used in) operations		
Surplus (deficit)	7 372 927	(5 500 762)
<u>Adjustments for:</u>		
Depreciation	1 411 590	1 196 643
(Gain) / loss on disposal of property, plant and equipment	(9 653)	(192 110)
Fair value adjustments	(1 100 999)	(878 078)
Discounting of post employment medical benefit obligation	4 754 022	4 821 006
Impairment	(99 808)	(274 061)
Debt impairment	-	11 663
Contributions to provisions	(150 913)	135 419
Service costs	484 576	274 052
Prior year corrections	-	(1 439)
(Profit) / loss on actuarial valuation for post employment medical benefits	(2 936 737)	3 912 240
<u>Changes in working capital:</u>		
Receivables from exchange transactions	166 611	35 911
Movement in provision of debt impairment	-	(11 663)
Receivables from non-exchange transactions	(39 742)	937 754
Payables from exchange transactions	9 307 014	(1 023 107)
VAT receivable	(2 243 522)	(604 545)
Unspent conditional grants and receipts	(4 217 846)	(11 121 877)
	12 697 520	(8 282 954)

30. Finance Leases Reconciliation

The municipality had no external loans in the form of finance leases during the current year.

31. Contingent liabilities

A possible liability existed in respect of an obligation in terms of a development and construction contract. The pleadings in the case have not yet closed. However, the attorney has closed the file as the plaintiff has not responded within the required time and no subsequent correspondence was received.

A possible liability exists in respect of claims from property owners in St Francis Bay resulting from a fire that broke out during 2013. Currently, only 1 home owner has issued a summons to the municipality.

A possible liability exists in respect of a claim made against the municipality by the farm owner where illegal occupation of farm land by community members of Sundays River Valley Municipality occurred. This matter is in the pleadings stage.

7 524 630	476 632
------------------	----------------

The following contingent liability was transferred to the municipality upon the liquidation of Kouga Development Agency (KDA):

Great Force Investments (Pty) Ltd, the developer appointed by KDA to develop the mandated area, issued a letter to the district municipality whereby the developer seeks to continue with the development of the mandate area and would like the appointment to be honoured. Should the developer not be allowed to continue, the developer indicated that they would institute legal action against the parent municipality, for all damages. To date, no legal action has been instituted and therefore the contingent amount is unknown.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
32. Contingent Asset		
A possible asset exists in respect of a claim in terms of defective workmanship and overpayment for work done.	2 000 000	2 000 000
33. Unauthorised, irregular, fruitless and wasteful expenditure		
Unauthorised expenditure		
No unauthorised expenditure was incurred in the current and previous financial years.		
Fruitless and wasteful expenditure		
The CDA has incurred an amount of R2 082 in penalties and R1 534 in interest on late submission of South African Revenue Services (SARS) returns. The CDA commenced operations on 1 July 2013 when the Chief Executive Officer was appointed. All relevant SARS applications was then required to ensure compliance. The submissions of the applications to SARS were delayed due to additional documentation required by SARS. The CDA was finally registered at SARS in November 2013 which resulted in returns being due from July 2013 until November 2013. All these returns were then submitted, inclusive of penalties and interest.		
An investigation is in progress to determine whether the official should be held responsible for the fruitless and wasteful expenditure. The outcome will then be submitted to the Board to either write off the expenditure or recover the amounts.		
Irregular expenditure		
Refer to Note 42		
34. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	(450 000)	-
Council subscription	450 000	400 000
Amount paid - current year	-	(400 000)
Amount paid - 2014/15 year	(500 000)	(450 000)
Amount paid in advance (included in receivables)	(500 000)	(450 000)
External Audit fees		
Current year audit fee	2 915 236	1 848 788
Current year audit fee - KDA	-	136 810
Audit Planning fees for the following year	499 602	346 969
Amount paid - current year	(3 414 838)	(2 332 567)
	-	-
PAYE, UIF and SDL		
Current year payroll deductions	8 391 434	7 697 636
Amount paid - current year	(8 073 620)	(7 697 636)
	317 814	-

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

34. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year payroll deductions and Council Contributions	3 580 101	3 156 101
Amount paid - current year	(3 580 101)	(3 156 101)
	-	-

VAT

VAT receivable	4 400 839	2 157 317
----------------	-----------	-----------

VAT output payables and VAT input receivables are shown in note .

35. In-kind donations and assistance

No donations have occurred during the current year.

36. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included as the municipality is not exposed to foreign exchange risk or interest rate risk. The municipality does not enter into any foreign exchange transactions and since the municipality effect payment on presentation of invoices, no interest rate charges are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

At 30 June 2014	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	18 524 450	-	-	-
Other Payables	-	19 960 905	-	-
At 30 June 2013	1-3 months	> 3 months	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	9 217 435	-	-	-
Other Payables	-	24 110 921	-	-

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

2014

2013

36. Risk management (continued)

Interest rate risk

The current account and the call account expose the municipality to an interest rate risk on cash flows. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% either direction, the effect on the cash balance would be R2.6 million in each way.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding Department of Housing (Housing Scheme) receivables.

Management believes that the allowance for impairment adequately addresses the credit risk involved.

37. Events after the reporting date

Management is not aware of any events after the reporting date.

38. Compliance with the Municipal Finance Management Act

The Municipality has implemented additional controls to ensure compliance with the MFMA. The area of concentration during the current and previous year was the Supply Chain Management policy. The Municipality has improved the controls significantly during the current and prior year to ensure compliance with the policy and regulations. The controls have been implemented and are being implemented and monitored.

Management is not aware of any other non-compliance by the municipality that would require disclosure in the group financial statements.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

39. Related parties

Post retirement medical aid benefit plan

The municipality, as part of the conditions of service of employees, keeps on contributing its portion of the contributing members to medical aid funds at the retirement of these employees for as long as this member is alive and contributing his or her portion.

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed/ Key Health
- LA Health
- Samwumed

Transactions with these schemes amounted to R2 079 927 (2013: R1 928 202)

Councillors, Board members and employees

Councillors and employees have declared no interest or gain in or from any transaction entered into with the municipality by any organisation or business.

The following interests in institutions have been declared, but no transactions have been entered into:

<u>Staff Member/ Councillor</u>	<u>Entity Name</u>	<u>Transactions</u>
Mr and Mrs de Lange	Humeral Bed and Breakfast CC	None
Mrs M Nohashe	Empuma Investment Partners	None
	Empuma Consortium	None
	Molo Namhla Trading	None
Mrs UF Bokveldt	Fezudumo Trading CC t/a M&M DVD Rentals	None
Mr P Mtengwane	At Your Sport Trading CC	None
Mrs T Mafongosi	Endleleni Liquor Stores	None
	RNL Business & Property Consultants	None
Mr R Lorgat	RNL Investments (Pty) Ltd	None
	On-board Invest (Pty) Ltd	None
Mr T Mgudlwa	Bravorox	None
Mr D Mbolekwa	Gxothindlala Construction	None
Mr L Madlakane	Pantium Trading	None
Mrs N Mlenzana		None

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

39. Related parties (continued)

<u>Staff Member/ Councillor</u>	<u>Entity Name</u>	<u>Transactions</u>
Ms X Ben	Sherpa Trade Invest 89 (Pty) Ltd	None
	Ezikhahista CHD Freight Trucking & Plant Hire	None
	AB 350 (Pty) Ltd	None
Ms Z Sibeko	Kuzi Fishing	None
	EL Olom Trading	None
	Isifingo	None
Mr LS Blouw	Nojoli Development Corporation	None
Ms N Koeberg	Chris Hani Development Agency	None
Mrs D Mgoduka	Doreen Mgoduka Attorneys	None
Mr A Taai	Flourisent Trading t/a Kowie Bus Service	None

Awards to close family members of persons in the service of the state

Close family members of 1 official and 2 councillors have an interest in awards made to the value of R86 721. They did not declare their interest and none of them were involved in the procurement process of the awards.

Key management personnel

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipality, directly or indirectly, including any director of the municipality:

Executive Mayor
Speaker
Mayoral Committee members
Councillors
Municipal Manager
Director: Infrastructure Services and Planning
Director: Economic Development
Director: Finance and Corporate Services
Board members - CDA
Chief Executive Officer - CDA

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

40. Significant estimates and judgements

The preparation of CDM's group financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

Judgements

In the process of applying the municipality's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the group financial statements:

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R9 231 380 (2013: R9 231 380) was included in the provision for debt impairment.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Post Employment Medical Benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to dependants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2014 is R62 002 301 (2013: R62 481 921). Further details are provided in Note 16.

Property, plant and equipment

The estimates and associated assumptions are based on the historical experience and management's estimation of conditions. Limited changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated useful lives in the prior years, are still appropriate.

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management's estimation of the condition of the assets. Limited changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
-----------------	------	------

41. Standards of GRAP issued but not yet effective

The following standards have been issued but are not yet effective:

GRAP 18:	Segment reporting
GRAP 20:	Related Party Disclosures
GRAP 32:	Service Concession Arrangements - Grantor
GRAP 105:	Transfer of functions between entities under common control
GRAP 106:	Transfer of functions between entities not under common control
GRAP 107:	Mergers
GRAP 108:	Statutory Receivables

GRAP 18: Segment reporting

As the municipality is mainly in a supporting function to the local municipalities within its jurisdiction, the application of this standard is not expected to have a major impact on the accounting procedures and disclosures.

GRAP 20: Related Party Disclosures

The effect on the group financial statements of introducing this standard will require the municipality to implement additional procedures to ensure that all the required information is collected in a controlled manner to ensure the completeness of the disclosures required.

GRAP 32: Service Concession Arrangements - Grantor

The group financial statements of the municipality will not be effected by this standard unless the municipality enters into any Service Concession Arrangements whereby assets of the municipality is used to generate revenue by a 3rd party.

GRAP 105: Transfer of functions between entities under common control

The effect on the group financial statements of introducing this standard does not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 106: Transfer of functions between entities not under common control

The effect on the group financial statements of introducing this standard does not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 107: Mergers

The effect on the group financial statements of introducing this standard does not seem to be serious as most of the principles in the standard is already applied or the information readily available.

GRAP 108: Statutory Receivables

The effect on the group financial statements of introducing this standard does not seem to be serious as most of the principles in the standard is already applied or the information readily available.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
42. Irregular expenditure		
Opening balance	4 191 902	50 925 021
Add: Irregular Expenditure - current year	7 893 791	18 919 908
Add: Irregular Expenditure - prior year	-	1 918 699
Less: Expenditure certified as irrecoverable / written off by Council	(5 577 580)	(67 571 726)
	6 508 113	4 191 902

Details of irregular expenditure

Bids of a long term nature that were not advertised for at least 30 days	-	3 132 669
1 Quote awarded in accordance with supply chain management regulations but original quote documentation for unsuccessful suppliers was misplaced	98 681	-
Bids awarded in prior years did not comply with the supply chain management regulations as follows:	7 795 110	15 762 729
- Bids of a long term nature that were not advertised for at least 30 days		
- Bids were not evaluated in accordance with the preferential procurement points system		
- The evidence of specification committee was not available		
- No evidence of required website publications		
- No bid process followed		
1 Quote awarded not fully compliant with the supply chain management regulations ie. advert not placed on website	-	24 510
	7 893 791	18 919 908

Although there has been contravention of the procurement processes and procedures (resulting from prior year awards), goods and services have been received.

43. Deviations

The following deviations from the supply chain management policy were approved by the municipal manager during the financial year:

<u>Reason</u>	<u>No. of incidents</u>		
Emergency	7	526 799	678 721
Goods or services are produced or available from a single provider	17	857 716	488 904
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	62	6 200 666	6 693 406
		7 585 181	7 861 031

44. Change in estimate

Property, plant and equipment

The municipality has reassessed the useful lives and residual values of property, plant and equipment which resulted in certain furniture and fittings' remaining useful lives being reduced to 2 years based on the condition of the assets. The residual values of certain assets have been reassessed and adjusted accordingly. The effect of the change in accounting estimate has resulted in an increase in depreciation amounting to R 3 547 for the current period (2013: R 56 663). The effect on future periods could not reasonably be determined.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
45. Commitments		
<u>Capital expenditure</u>		
Approved and contracted for	16 052 186	19 182 779
Approved by Council, but not yet contracted to	25 109 957	20 442 788
	41 142 143	39 625 567

This committed expenditure relates to plant and equipment and will be financed by conditional grants and retained surpluses.

Non-capital expenditure

Approved and contracted for	13 648 252	9 080 860
Approved by Council, but not yet contracted to	592 216	787 626
	14 240 468	9 868 486

This non-committed expenditure relates to other commitments and will be financed by conditional grants and retained surpluses.

46. Finance costs

Interest paid to SARS	1 534	-
-----------------------	-------	---

Refer to Note 33 - Unauthorised, Irregular, Fruitless and Wasteful expenditure.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand

2014

2013

47. Budget differences

Material differences between budget and actual amounts

Investment revenue

The excess of actual investment revenue over the final budget of 42% was due to the increase in the interest rate on investments as well as an accelerated outflow of cash towards the last quarter of the financial year.

Other own revenue

Based on the principles of budgeting, this area is utilised to fund the budget of the municipality and therefore the budgeted amount is high. The amount reflected in the group financial statements is however only the actual other revenue received during the year. Included in this amount is the reduction in the provision for debt impairment resulting from the R21 987 000 received from National Treasury during the year.

Employee costs

The variance is mainly due to budgeting for an expected loss on the actuarial valuation of post employment medical benefits. The actuarial valuation however reflects a profit in the current year.

Transfers and grants

The variance of 33% is a result of projects that were planned to be completed by the end of the financial year. Unfortunately, these projects will only be completed in the following financial year due to unforeseen circumstances surrounding these projects.

Other expenditure

The variance is mainly due to under-expenditure on own-funded projects. Other factors that contributed to the variance are cost-savings on operational activities as well as instances of over-estimation of budgets on projects.

Capital expenditure

The variance of 80% is mainly due to an amount of R10 million budgeted for the relocation of the municipality's offices to Kirkwood. No expenditure was incurred during the year.

CACADU DISTRICT MUNICIPALITY

Group Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements

Figures in Rand	2014	2013
48. General expenses		
Advertising and promotions	842 652	570 173
Auditors fees	3 087 733	2 062 079
Catering	584 428	526 229
Congress and visits	2 106 947	2 088 143
Fines and penalties	2 082	-
General - other	1 183 160	2 441 672
Insurance	308 396	567 691
Legal expenses	399 902	127 107
Licences	237 617	134 771
Fuel and oil	915 786	767 453
Printing and stationery	1 097 938	1 300 806
Publications	1 230 318	1 058 672
Project costs	39 411 926	28 516 560
Subscriptions	599 385	518 078
Telephone and fax	898 311	803 540
Training and development	946 026	1 079 288
Utilities	931 753	1 035 973
	54 784 360	43 598 235

49. Investment in controlled entity

Name of company	Held by	% holding 2014	% holding 2013
Cacadu District Development Agency	Cacadu District Municipality	100 %	100 %

CDM holds 100% shareholding in CDA and the entity is therefore a controlled entity of the municipality. The entity was legally formed in September 2012 and commenced operations in the establishment phase on 1 July 2013.

CDM has provided the following grants to the CDA during the year:

Grant to fund operations (unconditional)	R4 957 173
Grant on Nature Reserves	R 100 000
Grant for Investors Conference	R1 380 000

The Council resolved to donate items of property, plant and equipment to CDA effective on 1 July 2013. All these assets were disposed of and capitalised at R80 890 in CDA during the year.

There were no other transaction between the CDM and CDA during the year. All these transactions were eliminated upon consolidation.

Comparative figures were provided as the municipality held 100% holding in CDA in the 2013 financial year. However, the entity was not operational and no consolidation was performed.

CACADU DISTRICT MUNICIPALITY
Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements
Figures in Rand

50. Conditional grants and receipts

	UNSPENT BALANCE 30 JUNE 2013 RAND	CONTRIBUTIONS/ ADJUSTMENTS RAND	INTEREST ALLOCATED RAND	VALUE ADDED TAXATION RAND	CURRENT YEAR RECEIPTS RAND	TRANSFER TO REVENUE RAND	CONTRIBUTIONS /TRANSFERS RAND	UNSPENT BALANCE 30 JUNE 2014 RAND
CAMDEBOO: ERADICATION OF VIP TOILETS	1 848 939	-	-	-227 063	4 235 100	-3 445 755	-	2 411 221
DBSA LED: STRATEGY AND INSTITUTIONAL	1 167 730	-	-	-	-	-1 137 771	-	29 959
DEPARTMENT OF HEALTH	-	-	-	-	-	-	-	-
DROUGHT RELIEF 2010/2011	1 100 852	-	-	-14 704	-	-684 857	-	401 291
FINANCE MANAGEMENT GRANT	-	-	-	-	1 250 000	-1 250 000	-	-
GIS SUPPORT TO CDM BY DWAF	84 370	-	-	-	-	-	-	84 370
HOUSING PROJECTS	842 068	-	-	-	-	-	-	842 068
IDP SUPPORT GRANT FOR LM'S AND DM'S	-	-	-	-	-	-	-	-
KOU KAMMA LM TURNAROUND PLAN - INTEREST	1 023 316	-	-	-1 986	-	-1 021 330	-	-
KOU KAMMA STRENGTHENING THE CAPACITY	232 880	-	-	-	-	-232 880	-	-
KOUKAMMA - WOODLAND FLOWER PROJECT	-	-	-	-	-	-	-	-
LED FUNDING	-	-	-	-	-	-	-	-
LIBRARIES - MUNICIPALITIES	268 666	-	-	-27 353	562 000	-241 313	-	562 000
MIG-KOUKAMMA	2 783 357	-	-	-	-	-2 144 578	-	638 779
MULTIANNUAL ACTION PLANS - MAAP	-	-	-	-	-	-	-	-
MUNICIPAL GRANT LED	275 407	-	-	-	-	-275 407	-	-
MUNICIPAL PERFORMANCE MANAGEMENT	0	-	-	-	-	-	-	-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	279 696	-	-	-	890 000	-1 045 959	-	-
PASSENGER TRANSPORT PLANS AND FACILITIES	1 053 418	-	-	-	-	-	-	1 053 418
PEOPLE HOUSING PROJECT	7 521 412	-	-	-	-	-	-	7 521 412
RAIN HARVESTING PATERSON	413 312	-	-	-34 698	-	-317 402	-	61 212
YOUTH CENTRE - SOMERSET EAST	126 304	-	-	-15 511	-	-110 793	-	0
KOUKAMMA INFORMATION SYSTEMS	257 850	-	-	-	-	-257 850	-	-
RURAL ROADS ASSET MANAGEMENT GRANT	-	-	-	-233 579	1 902 000	-1 668 421	-	-
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-	-	1 000 000	-1 000 000	-	-
REDI AQUA PROJECTS	-	-	-	-	456 000	-	-	456 000
BCRM FIRE STATION	-	-	-	-	1 000 000	-	-	1 000 000
	19 279 576	-	-	-678 630	11 295 100	-14 834 316	-	15 061 730

CACADU DISTRICT MUNICIPALITY
Financial Statements for the year ended 30 June 2014

Notes to the Group Financial Statements
Figures in Rand

51. DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grant	Name of Organ of state	2013/2014 Quarterly Receipts			2013/2014 Quarterly Expenditure			2013/2014 Grants and Subsidies Delayed/withthe		Reason for delay/ withholding funds	Reason for Comply to DORA Compliance Y/N	Reason non Compliance	
		Sept	Dec	Mar	June	Sept	Dec	Mar	June				Rand
		Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand				
CAMDEBOO: ERADICATION OF VIP TOILETS	Local Municipality	-	-	-	4 235 100	1 443 407	135 298	270 233	1 823 880	-	N/A	YES	N/A
DBSA LED: STRATEGY AND INSTITUTIONAL	Other	-	-	-	-	353 522	127 881	118 814	537 554	-	N/A	YES	N/A
DROUGHT RELIEF 2010/2011	Provincial Government	-	-	-	-	30 790	22 249	11 273	635 249	-	N/A	YES	N/A
FINANCE MANAGEMENT GRANT	National Governmet	1 250 000	-	-	-	116 785	503 761	345 047	284 407	-	N/A	YES	N/A
KOU KAMMA STRENGTHENING CAPACITY	Provincial Government	-	-	-	-	-	-	232 880	-	-	N/A	YES	N/A
KOU KAMMA LM TURNAROUND PLAN - INTEREST	National Governmet	-	-	-	-	-	-	386 405	636 911	-	N/A	YES	N/A
LIBRARIES - MUNICIPALITIES	Provincial Government	-	562 000	-	-	222 729	13 026	-	32 911	-	N/A	YES	N/A
MIG-KOUKAMMA	National Government	-	-	-	-	932 658	-	307 321	904 599	-	N/A	YES	N/A
MUNICIPAL GRANT LED	Provincial Government	-	-	-	-	-	-	275 407	-	-	N/A	YES	N/A
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	National Government	890 000	-	-	-	133 000	-	104 750	931 946	-	N/A	YES	N/A
PASSENGER TRANSPORT PLANS AND FACILITIES	Provincial Government	-	-	-	-	-	-	-	-	-	N/A	YES	N/A
RAIN HARVESTING PATERSON	Provincial Government	-	-	-	-	-	-	308 694	43 406	-	N/A	YES	N/A
YOUTH CENTRE - SOMERSET EAST	Provincial Government	-	-	-	-	-	-	126 303	-	-	N/A	YES	N/A
KOUKAMMA INFORMATION SYSTEMS	Provincial Government	-	-	-	-	-	-	257 850	-	-	N/A	YES	N/A
RURAL ROADS ASSET MANAGEMENT GRANT	National Governmet	1 902 000	-	-	-	-	-	1 229 394	672 606	-	N/A	YES	N/A
EXPANDED PUBLIC WORKS PROGRAMME	National Government	400 000	300 000	300 000	-	302 780	490 882	206 338	-	-	N/A	YES	N/A
REDI AQUA PROJECTS	Other	-	456 000	-	-	-	-	-	-	-	N/A	YES	N/A
BLUE CRANE ROUTE FIRE STATION	Local Municipality	-	1 000 000	-	-	-	-	-	-	-	N/A	YES	N/A
		4 442 000	2 318 000	300 000	4 235 100	3 535 671	1 293 097	4 180 709	6 503 469	-			

CACADU DISTRICT MUNICIPALITY

UNAUDITED APPENDIX A

June 2014

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, HERITAGE AND INTANGIBLE ASSETS AS AT 30 JUNE 2014

Cost/Revaluation

Accumulated Depreciation / Impairment

	Opening Balance Rand	Revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposal Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
Land											
Investment Property	17 657 000	383 500	-	-	18 040 500	213 000	-	-	-	213 000	17 827 500
PPE	8 640 500	172 500	-	-	8 814 000	3 262 500	-	-	23 000	3 239 500	5 574 500
Heritage	31 880 000	581 500	-	-	32 461 500	1 789 500	-	-	182 500	1 607 000	30 854 500
Buildings											
Investment Property	8 530 501	717 499	-	-	9 248 000	2 167 000	-	-	-69 000	2 236 000	7 012 000
PPE	15 659 519	-20 378	96 237	-	15 735 378	3 392 519	272 711	-	36 853	3 628 378	12 107 000
Heritage	3 275 000	-76 000	-	-	3 199 000	8 000	-	-	-12 000	20 000	3 179 000
Furniture and Fixtures											
PPE	2 055 610	-	136 925	34	2 192 501	823 650	133 013	-	-13 196	969 859	1 222 642
Specialised Vehicles											
PPE	275 159	-	-	-	275 159	178 090	4 897	-	-	182 987	92 172
Office Equipment											
PPE	762 635	-	1 514 744	21	2 277 388	438 673	85 754	-	-988	525 415	1 751 943
Computer Equipment											
Intangible Asset	86 885	-	-	-	86 885	-	-	-	-	-	86 885
PPE	4 201 611	-	419 800	14 070	4 607 341	2 239 826	236 119	-	-47 360	2 523 305	2 084 036
Bins and Containers											
PPE	98 988	-	-	-	98 988	24 456	7 935	-	-	32 392	66 597
Motor Vehicles											
PPE	7 811 370	-	598 544	114 231	8 295 683	2 491 730	584 016	102 808	-	2 972 939	5 322 745
Specialised Plant and Machinery											
PPE	2 135 591	-	-	14 271	2 121 319	1 027 190	87 143	14 267	-	1 100 066	1 021 254
	103 070 369	1 759 621	2 766 250	142 627	107 453 613	18 056 134	1 411 588	117 075	99 808	19 250 839	88 202 773

CACADU DISTRICT MUNICIPALITY

UNAUDITED APPENDIX A

June 2014

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, HERITAGE AND INTANGIBLE ASSETS AS AT 30 JUNE 2014

Accumulated Depreciation / Impairment

Cost/Revaluation

	Opening Balance Rand	Revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Depr on Dispsal Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
Land	58 177 500	1 138 500	-	-	59 316 000	5 265 000	-	-	205 500	5 059 500	54 256 500
Buildings	27 465 020	621 121	96 237	-	28 182 378	5 567 519	272 711	-	-44 148	5 884 378	22 298 000
Furniture and fittings	2 055 610	-	136 925	34	2 192 501	823 650	133 013	-	-13 196	969 859	1 222 642
Specialised vehicles	275 159	-	-	-	275 159	178 090	4 897	-	-	182 987	92 172
Office equipment	762 635	-	1 514 744	21	2 277 358	438 673	85 754	-	-988	525 415	1 751 943
Computer equipment	4 288 496	-	419 800	14 070	4 694 226	2 239 826	236 119	-	-47 360	2 523 305	2 170 921
Bins and containers	98 988	-	-	-	98 988	24 456	7 935	-	-	32 392	66 597
Motor vehicles	7 811 370	-	598 544	114 231	8 295 683	2 491 730	584 016	102 808	-	2 972 939	5 322 745
Specialised Plant and machinery	2 135 591	-	-	14 271	2 121 319	1 027 190	87 143	14 267	-	1 100 066	1 021 254
Total	103 070 369	1 759 621	2 766 250	142 627	107 453 613	18 056 134	1 411 588	117 075	99 808	19 250 839	88 202 773

CACADU DISTRICT MUNICIPALITY
UNAUDITED APPENDIX B
June 2014

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY, HERITAGE AND INTANGIBLE ASSETS AS AT 30 JUNE 2014
Accumulated Depreciation

	Cost / Revaluations				Accumulated Depreciation				Carrying Value			
	Opening Balance	Revaluation	Additions	Impairment	Disposals	Closing Balance	Opening Balance	Depreciation	Impairment	Disposals	Closing Balance	30 June 2014
	01 July 2013					30 June 2014	01 July 2013					Rand
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Executive and Council	3 679 034	-	735	-	84 528	3 595 240	1 140 464	250 732	-10 021	77 106	1 324 111	2 271 129
Finance and Admin	91 182 996	1 759 621	1 972 823	-	-	94 915 440	13 147 792	655 654	137 328	-	13 666 118	81 249 322
Housing	40 135	-	-	-	19 019	21 116	31 343	710	-	19 017	13 037	8 079
Planning and Development	3 250 990	-	750 006	-	2 661	3 998 335	1 529 580	193 008	-20 437	-	1 743 025	2 255 310
Public Safety	4 896 255	-	42 686	-	25 896	4 913 046	2 188 741	310 997	-6 952	10 430	2 496 259	2 416 786
Roads	14 022	-	-	-	10 523	3 499	13 330	133	-23	10 522	2 965	535
Water	6 937	-	-	-	-	6 937	4 884	354	-88	-	5 326	1 612
Total	103 070 369	1 759 621	2 766 251	-	142 627	107 453 614	18 056 134	1 411 588	99 808	117 075	19 250 840	88 202 773

CACADU DISTRICT MUNICIPALITY
UNAUDITED APPENDIX C

June 2014

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013		2013		2013	
Actual	2013	Actual	2013	Surplus/ (Deficit)	2013
Income		Expenditure			
Rand		Rand		Rand	
4 822 489		29 537 067		(24 714 578)	
93 895 646		34 405 008		59 490 638	
3 908 138		18 142 103		(14 233 965)	
-		9 532 883		(9 532 883)	
5 180 861		6 294 261		(1 113 400)	
-		345 442		(345 442)	
-		10 945 847		(10 945 847)	
-		69 522		(69 522)	
-		158 244		(158 244)	
1 081 073		3 738 748		(2 657 675)	
3 380 704		4 600 548		(1 219 844)	

CACADU DISTRICT MUNICIPALITY

UNAUDITED APPENDIX D

June 2014

INVESTMENT PORTFOLIO AS AT 30 JUNE 2014

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2013/2014	BALANCE 30 JUNE 2014
ABSA GROUP	2072519310	12	5.700%	11-Jul-12	10-Jul-13	12 000 000	
STANDARD BANK	088430537162	12	5.675%	11-Jul-12	10-Jul-13	11 000 000	
NEDCOR BANK	7881501480000121	12	5.360%	07-Aug-12	07-Aug-13	16 000 000	
STANDARD BANK	088430537163	12	5.580%	07-Aug-12	07-Aug-13	5 000 000	
ABSA GROUP	2073048770	7	5.210%	24-Jan-13	26-Aug-13	7 000 000	
NEDCOR BANK	7881501480000125	9	5.330%	06-Dec-12	06-Sep-13	5 000 000	
ABSA GROUP	2073048615	8	5.250%	24-Jan-13	23-Sep-13	6 000 000	
FIRST RAND BANK	71192212978	8	5.240%	24-Jan-13	24-Sep-13	4 000 000	
ABSA GROUP	2072743498	12	5.230%	27-Sep-12	26-Sep-13	5 000 000	
INVESTEC	JP13030130500	7	5.400%	01-Mar-13	27-Sep-13	7 000 000	
FIRST RAND BANK	71238977816	7	5.230%	01-Mar-13	01-Oct-13	3 000 000	
FIRST RAND BANK	71201472603	11	5.350%	06-Dec-12	06-Nov-13	20 000 000	
NEDCOR BANK	7881501480000124	12	5.270%	15-Nov-12	14-Nov-13	17 000 000	
ABSA GROUP	2072924379	12	5.370%	06-Dec-12	05-Dec-13	6 000 000	
ABSA GROUP	2073221506	9	5.310%	27-Mar-13	27-Dec-13	5 000 000	
FIRST RAND BANK	71185358325	9	5.300%	27-Mar-13	27-Dec-13	13 000 000	
INVESTEC	RK13032031648	12	5.390%	24-Jan-13	23-Jan-14	3 000 000	
INVESTEC	RK13032732101	10	5.500%	27-Mar-13	27-Jan-14	10 000 000	
STANDARD BANK	088430537166	10	5.389%	27-Mar-13	27-Jan-14	10 000 000	
ABSA GROUP	2073152949	12	5.330%	01-Mar-13	28-Feb-14	19 000 000	
STANDARD BANK	088430537165	12	5.333%	01-Mar-13	28-Feb-14	11 000 000	
NEDCOR BANK	7881501480000128	9	5.430%	11-Jul-13	11-Apr-14	2 000 000	
INVESTEC	JP13041833533	12	5.400%	18-Apr-13	17-Apr-14	5 000 000	
NEDCOR BANK	7881501480000126	12	5.320%	18-Apr-13	17-Apr-14	4 000 000	
STANDARD BANK	088430537167	12	5.252%	18-Apr-13	17-Apr-14	4 000 000	
FIRST RAND BANK	71220880423	10	5.460%	11-Jul-13	11-May-14	4 000 000	
NEDCOR BANK	7881501480000127	12	5.170%	16-May-13	15-May-14	5 000 000	
STANDARD BANK	088430537168	12	5.310%	16-May-13	15-May-14	6 000 000	
FIRST RAND BANK	74341532993	12	5.860%	20-Jun-13	19-Jun-14	10 000 000	
STANDARD BANK	088430537170	12	5.888%	20-Jun-13	19-Jun-14	12 000 000	
ABSA GROUP	2073517903	12	5.620%	11-Jul-13	10-Jul-14		18 000 000
STANDARD BANK	088430537171	12	5.556%	11-Jul-13	10-Jul-14		16 000 000
NEDCOR BANK	7881501480000129	12	5.670%	16-Aug-13	15-Aug-14		15 000 000
STANDARD BANK	088430537172	12	5.850%	16-Aug-13	15-Aug-14		5 000 000
STANDARD BANK	088430537176	5	6.113%	31-Mar-14	31-Aug-14		17 000 000
ABSA GROUP	2073752551	12	5.710%	27-Sep-13	26-Sep-14		14 000 000
NEDCOR BANK	7881501480000130	12	5.670%	27-Sep-13	26-Sep-14		3 000 000
ABSA GROUP	2074240484	6	6.250%	31-Mar-14	30-Sep-14		15 000 000
CASH AND CASH EQUIVALENTS							103 000 000
NEDCOR BANK	7881501480000131	11	5.710%	19-Nov-13	20-Oct-14		13 000 000
ABSA GROUP	2073937614	11	5.800%	06-Dec-13	06-Nov-14		7 000 000
NEDCOR BANK	7881501480000132	11	5.900%	06-Dec-13	06-Nov-14		7 000 000
STANDARD BANK	088430537174	11	5.925%	06-Dec-13	06-Nov-14		6 000 000
FIRST RAND BANK	74443041442	12	5.790%	19-Nov-13	18-Nov-14		10 000 000
INVESTEC	MM13111947675	12	5.800%	19-Nov-13	18-Nov-14		4 000 000
FIRST RAND BANK	74446073187	12	6.030%	06-Dec-13	05-Dec-14		10 000 000
INVESTEC	RK13120648941	12	6.000%	06-Dec-13	05-Dec-14		2 000 000
ABSA GROUP	2074009686	12	5.800%	09-Jan-14	08-Jan-15		4 000 000
FIRST RAND BANK	74450730731	12	6.040%	09-Jan-14	08-Jan-15		12 000 000
INVESTEC	RK14020752833	12	6.900%	07-Feb-14	06-Feb-15		11 000 000
ABSA GROUP	2074178057	12	6.840%	06-Mar-14	05-Mar-15		8 000 000
STANDARD BANK	088430537175	12	6.855%	06-Mar-14	05-Mar-15		8 000 000
FIRST RAND BANK	74466179121	12	7.000%	31-Mar-14	30-Mar-15		13 000 000
INVESTEC	RK14033156288	12	6.850%	31-Mar-14	30-Mar-15		3 000 000
NEDCOR BANK	7881501480000134	12	6.950%	31-Mar-14	30-Mar-15		7 000 000
SHORT TERM INVESTMENTS							125 000 000
BALANCE 30 JUNE 2014							228 000 000